

City of Midland, Michigan

Governmental Funds Reconciliation of Balance Sheet to the Statement of Net Assets June 30, 2006

Fund Balance - Total Governmental Funds \$ 53,699,044

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of capital assets, less accumulated depreciation 41,194,300

Investments in joint ventures are not financial resources and therefore are not reported in the governmental funds 255,998

Internal Service Funds are included as part of governmental activities:

Net assets of all Internal Service Funds	\$ 14,867,054	
Less allocation to business-type activities	<u>(4,374,182)</u>	
Total		10,492,872

Some of the City's receivables will not be collected soon enough after year end to be available to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds - Due from other governmental units - State revenue sharing and grant funds 725,313

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and therefore are not reported in the governmental funds. All liabilities, both current and long-term, are reported in the statement of net assets:

Bonds and notes payable	(175,000)	
Capital lease payable	(1,330,510)	
Property tax appeal reserve	(31,661,170)	
Compensated absences	(3,836,367)	
Less internal service compensated absences	<u>230,312</u>	
Total long-term liabilities		<u>(36,772,735)</u>

Net Assets - Governmental Activities \$ 69,594,792